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B. Dan Berger
Executive Vice President
Government Affairs

July 8, 2013

The Honorable Shelley Moore Capito
Chairman
Subcommittee on Financial Institutions
and Consumer Credit
House Financial Services Committee
United States House of Representatives
Washington, D.C. 20515

The Honorable Gregory Meeks
Ranking Member
Subcommittee on Financial Institutions
and Consumer Credit
House Financial Services Committee
United States House of Representatives
Washington, D.C. 20515

Re: "Examining How the Consumer Financial Protection Bureau Collects and Uses Consumer Data"

Dear Chairman Capito and Ranking Member Meeks:

On behalf of the National Association of Federal Credit Unions (NAFCU), the only trade association that exclusively represents the interests of our nation's federal credit unions, I write today in conjunction with tomorrow's hearing, "Examining How the Consumer Financial Protection Bureau Collects and Uses Consumer Data." NAFCU member credit unions and their 96 million member-owners appreciate the subcommittee's continued focus on this common sense issue as the mishandling of sensitive information could have a devastating impact on both consumers and financial service providers.

As you know, the Consumer Financial Protection Bureau (CFPB) has broad authority to collect information from credit unions from a variety of sources including exam reports and consumer complaints. As the CFPB works to meet requirements outlined in the Dodd-Frank Wall Street Reform and Consumer Protection Act [P.L. 111-203], NAFCU has consistently cautioned that data collection efforts must include several layers of protection to ensure that sensitive information is not compromised. Specifically, NAFCU has expressed concern about the response intake fields on the CFPB's consumer complaint form and has asked that the Bureau outline implementing procedures to ensure that employees handle this information with care. In an effort to minimize the potential for problems, NAFCU believes the CFPB should start by simply minimizing the breadth and scope of the personal information requested. NAFCU has also expressed similar concerns to the Treasury Department as it creates a records system for the CFPB. Unfortunately, the CFPB has not done enough to wane our concerns. In fact, the CFPB's inspector general recently found "weaknesses" in the agency's security program and the Government Accountability Office has similarly expressed concerns about data security.

In short, unfortunately the federal government, much like several private sector industries, has been responsible for the unauthorized release of sensitive personal information in the past. Certainly, nobody intends to be a victim of data breach or theft; nonetheless the government, including the CFPB, needs to do everything possible to ensure that great care is taken in handling this information. With a constantly shifting regulatory environment driven by an inordinate amount of new rule writing, the last thing credit unions should have to worry about is the personal information of their member-owners being lost or stolen at the hands of the government. Credit unions have strict privacy procedures they must follow and the CFPB should also be held to stringent standards. We also believe the CFPB should consider risks associated with credit unions' well-earned reputation as entities that protect their members' interests. Accordingly, NAFCU looks forward to tomorrow's hearing and learning more about the CFPB's prudence in this regard.

As the subcommittee examines these issues at the CFPB, we would urge members to also keep in mind the general need for better data security standards for those who handle personal financial data, as many of those entities are not subject to the same standards that financial institutions are. NAFCU communicated the need for greater data security standards to you as part of our five-point plan for regulatory relief that was shared with the House Financial Services Committee on February 12th of this year.

Thank you for holding this important hearing and for providing us with the opportunity to express our views. If you have any questions or would like further information about any of these issues, please do not hesitate to contact me or NAFCU's Vice President of Legislative Affairs Brad Thaler by telephone at (703) 842-2204 or by e-mail at bthaler@nafcu.org.

Sincerely,

A handwritten signature in black ink, appearing to read "B. Dan Berger", with a stylized flourish at the end.

B. Dan Berger
Executive Vice President, Government Affairs

cc: Members of the Subcommittee on Financial Institutions and Consumer Credit